

Agenda Page 203, Item 6110-196-0001

Child Care—Regional Market Rate (Reimbursement Rates)

June 1, 2006



Federal Requirement: Child Care Reimbursement Ceilings Must Reflect Market Rates

- Federal law requires states to reimburse subsidized child care based on local market rates. Historically, this has been done on a county by county basis.



New Methodology Better Reflects Child Care Market Rates

- The new survey sets rate ceilings by zip code level to address the variation in market rates within counties. New methodology also improves accuracy of the survey data. Results in multiple rates per county—for Los Angeles county, 13 rates for centers and 22 rates for family child care homes.



Assembly Action Aggregates Rates at the County Level (Senate—No Action)

- Adopted TBL to implement the new rates based upon a county aggregate of data collected by the most recent survey data.



LAO Compromise: Reduce the Administrative Burden and Provide a Reimbursement System that Reflects the Cost of Care in Specific Communities

- Use zip code level data to create up to five rate categories per county that range between 110 percent and 90 percent of the county aggregated rates.
- This approach reduces the administrative burden, but also recognizes that market rates can vary dramatically within a county.